

AMENDED IN ASSEMBLY JUNE 1, 2007

AMENDED IN ASSEMBLY APRIL 18, 2007

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1590

Introduced by Assembly Member Leno

February 23, 2007

An act to add Part 5.6 (commencing with Section 11160) to Division 2 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1590, as amended, Leno. Voter-approved local assessment: San Francisco.

Existing law authorizes certain counties to impose a local vehicle license fee of \$10 per year, as provided, for the privilege of operating specified vehicles on public roads in the county. Existing law requires a county imposing this fee to contract with the Department of Motor Vehicles to collect and administer the fee, as specified.

This bill would authorize the City and County of San Francisco to impose a voter-approved local assessment for specified vehicles if certain conditions, including approval by local voters, are met. This bill would require the city and county to contract with the department to collect and administer the assessment, as provided.

The Personal Income Tax Law and the Corporation Tax Law authorize various deductions against the income that is otherwise subject to tax under those laws, including a deduction for local taxes that were paid or incurred by a taxpayer.

This bill would require the Franchise Tax Board to notify the department of estimated revenue losses to the state resulting from taxpayers deducting, for purposes of the Personal Income Tax Law and the Corporation Tax Law, the voter-approved local assessments authorized by this bill. This bill would require the department to transmit from the assessments collected an amount equal to these reported losses for deposit in the General Fund, ~~as specified, and to transmit to the board an amount equal to the board's administrative costs in making this report.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be cited as the
2 San Francisco Voter-Approved Local Assessment Act.

3 SEC. 2. Part 5.6 (commencing with Section 11160) is added
4 to Division 2 of the Revenue and Taxation Code, to read:

5
6 PART 5.6. CITY AND COUNTY OF SAN FRANCISCO
7 VOTER-APPROVED LOCAL ASSESSMENT
8

9 11160. This part is applicable only to the City and County of
10 San Francisco.

11 11161. For purposes of this part:

12 (a) "Board of supervisors" means the Board of Supervisors of
13 the City and County of San Francisco.

14 (b) "City and county" means the City and County of San
15 Francisco.

16 (c) "Department" means the Department of Motor Vehicles.

17 (d) "Market value" has the same meaning and shall be
18 determined in the same manner as required under Part 5
19 (commencing with Section 10701) of Division 2.

20 (e) "Person" includes an individual, a firm, a corporation, a
21 limited liability company, a partnership, or any other legal entity.

22 (f) "Resident of the city and county" means a person whose
23 address, as reflected in department registration records, is in the
24 city and county, but does not include a person that establishes to
25 the satisfaction of the department that the person's place of
26 residence is elsewhere.

1 (g) “Voter-approved local assessment” means a supplemental
2 charge added to the fee pursuant to Section 10751.

3 11162. Notwithstanding Section 10758, the board of
4 supervisors may, by ordinance, impose a voter-approved local
5 assessment for general revenue purposes pursuant to this part, if
6 all of the following conditions are met:

7 (a) The ordinance proposing the assessment complies with both
8 of the following:

9 (1) Section 11163.

10 (2) Article 3.7 (commencing with Section 53720) of Chapter 4
11 of Division 2 of Title 5 of the Government Code.

12 (b) The ordinance proposing the assessment is approved by
13 two-thirds of all members of the board of supervisors.

14 (c) The ordinance proposing the assessment is submitted to the
15 electorate of the city and county and is approved by a majority
16 vote of the voters voting on the ordinance.

17 (d) The board of supervisors transmits to the department and
18 the Franchise Tax Board a certified copy of the ordinance imposing
19 that assessment immediately after the results of the election
20 described in subdivision (c) are certified.

21 11163. An ordinance imposing a voter-approved local
22 assessment pursuant to this part shall contain provisions in
23 substance as follows:

24 (a) A provision that the assessment is imposed for the privilege
25 of a resident of the city and county to operate upon the public
26 highways in the city and county a vehicle or trailer coach, the
27 registrant of which is subject to tax under Part 5 (commencing
28 with Section 10701).

29 (b) (1) A provision establishing the annual amount of the
30 assessment at a rate that equals the difference between the
31 following two rates:

32 (A) Two percent of the market value of the vehicle or trailer
33 coach.

34 (B) The rate, including any offset to that rate, set forth in Part
35 5 (commencing with Section 10701), for a vehicle or trailer coach.

36 (2) A provision that the rate established under the provision
37 described in paragraph (1) is subject to both of the following:

38 (A) That the rate may not exceed 2 percent of the market value
39 of the vehicle or trailer coach.

(B) That any adjustment that is required to be made to the rate because of a change in the rate, or any offset to that rate, set forth in Part 5 (commencing with Section 10701), shall not take effect until the first day of the first fiscal year that follows the fiscal year in which the change to the rate or offset set forth in that part became operative.

(c) A provision that the assessment will begin to be imposed as follows:

(1) If the election in which the ordinance receives voter approval occurs between January 1 and June 30, on the first January 1 that follows that election.

(2) If the election in which the ordinance receives voter approval occurs between July 1 and December 31, on the first July 1 that follows that election.

(d) Provisions identical to those contained in Part 5 (commencing with Section 10701), insofar as they relate to vehicle license fees and are applicable, except that the name of the city and county as the taxing agency shall be substituted for that of the state.

(e) A provision that all amendments, subsequent to the effective date of the voter-approved local assessment ordinance, to Part 5 (commencing with Section 10701) relating to vehicle license fees and not inconsistent with this part, shall automatically be incorporated into the voter-approved local assessment ordinance.

(f) A provision that requires the city and county to contract with the department, which contract shall contain provisions in substance as follows:

(1) A requirement that the department perform all functions incident to the administration and collection of the voter-approved local assessment.

(2) A provision specifying the manner in which refunds to licensees pursuant to Part 5 (commencing with Section 10701), as incorporated in the voter-approved local assessment ordinance pursuant to subdivisions (c) and (d), will be made and administered.

(3) A provision that requires the city and county to pay the department for the initial setup and programming costs identified by the department.

11164. The department shall do all of the following:

(a) Collect the voter-approved local assessment pursuant to a contract with the city and county.

1 (b) Deduct its costs in administering the voter-approved local
2 assessment from the assessments collected under subdivision (a).

3 (c) ~~(1) From the assessments collected under subdivision (a),~~
4 ~~transmit to the Controller for deposit in the General Fund the~~
5 ~~amount reported under subdivision (a) of Section 11166.~~

6 ~~(2) From the assessments collected under subdivision (a),~~
7 ~~transmit to the Franchise Tax Board the amount reported under~~
8 ~~subdivision (b) of Section 11166.~~

9 (d) Transmit revenues derived from the assessments collected
10 under subdivision (a) to the city and county as promptly as feasible.

11 (e) Report ~~annually~~ *quarterly* to the Franchise Tax Board, at a
12 time and in a manner prescribed by the Franchise Tax Board, ~~the~~
13 ~~names, addresses, and the~~ *the aggregate* amount paid by each
14 person or entity that paid an assessment imposed under this part
15 in the prior year, and the taxpayer identification numbers or social
16 security numbers of these same persons. *an assessment imposed*
17 *under this part in the prior calendar quarter.*

18 11165. This part shall not be construed to supplant any moneys
19 that the state apportions to the City and County of San Francisco,
20 including, but not limited to, moneys apportioned to that entity
21 under the Vehicle License Fee Law set forth in Part 5 (commencing
22 with Section 10701), or any successor to that law.

23 11166. On or before January 1 of the second year that follows
24 a year, or portion thereof, in which an assessment is imposed
25 pursuant to this part, the Franchise Tax Board shall report to the
26 ~~department both of the following:~~ *department an estimate of the*
27 *total amount of the revenue loss to the state for the prior year*
28 *resulting from deductions taken under the Personal Income Tax*
29 *Law (Part 10 (commencing with Section 17001)) and the*
30 *Corporation Tax Law (Part 11 (commencing with Section 23001))*
31 *for taxes paid or incurred as a result of a tax being imposed*
32 *pursuant to this part.*

33 (a) ~~An estimate of the total amount of the revenue loss to the~~
34 ~~state for the prior year resulting from deductions taken under the~~
35 ~~Personal Income Tax Law (Part 10 (commencing with Section~~
36 ~~17001)) and the Corporation Tax Law (Part 11 (commencing with~~
37 ~~Section 23001)) for taxes paid or incurred as a result of a tax being~~
38 ~~imposed pursuant to this part.~~

1 ~~(b) The total amount of costs incurred by the Franchise Tax~~
2 ~~Board for determining and reporting the amount described in~~
3 ~~subdivision (a).~~
4 ~~SEC. 2.~~
5 *SEC. 3.* The Legislature finds and declares that a special law
6 is necessary and that a general law cannot be made applicable
7 within the meaning of Section 16 of Article IV of the California
8 Constitution because of the unique fiscal hardship being
9 experienced in the City and County of San Francisco in providing
10 vital public services.